

ALBERTA GOVERNMENT TELEPHONES

FORTY-NINTH

**ANNUAL
REPORT**

1960-61

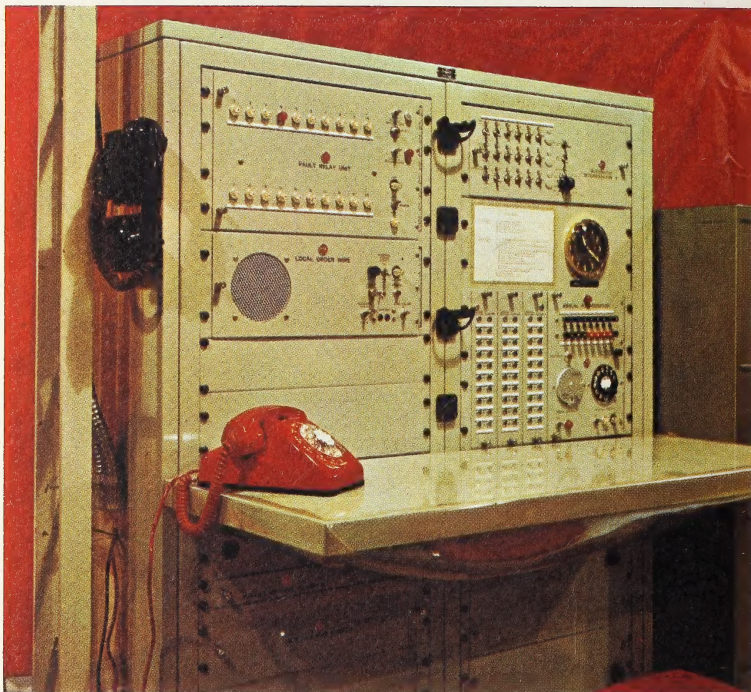
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1960/1961

ALBERTA LEGISLATURE LIBRARY



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Several extensions to the Microwave network in Alberta have been completed. Here we see the control panel for the MM600 Microwave System.

FORTY-NINTH

**A N N U A L
R E P O R T
1960-61**


(YEAR ENDED MARCH 31st, 1961)

ALBERTA GOVERNMENT TELEPHONES

**PROVINCIAL LIBRARY
VICTORIA, B. C.**

HIGHLIGHTS

During the year the Commission:

- ★ Added 17,920 new telephones to those in service bringing the total to 240,884.
 - ★ Completed 16,407,962 long distance calls.
 - ★ Added 252 toll circuits to the long distance network.
 - ★ Carried out a \$20,383,045.00 program of new construction.
 - ★ Had a net income of \$2,408,146.00.
 - ★ Converted seven manual offices to dial operation.
 - ★ Established a Sales Division to handle the promotion and sale of all communication services.
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ALBERTA GOVERNMENT TELEPHONES COMMISSION

CHAIRMAN and MINISTER HONOURABLE
of TELEPHONES RAYMOND REIERSON

VICE-CHAIRMAN and
GENERAL MANAGER R. W. LOSIE

ASSISTANT GENERAL MANAGER
and COMPTROLLER J. W. DODDS

GENERAL COMMERCIAL
MANAGER H. H. DOUCETTE

GENERAL PLANT MANAGER W. D. MALLIN

GENERAL TRAFFIC MANAGER .. A. C. HEAD

CHIEF ENGINEER D. S. EDWARDS

A.G.T. DISPLAY BOOTH AT CALGARY STAMPEDE



The Company had booths at both Edmonton and Calgary displaying the latest in communication equipment.

EDMONTON, Alberta,

To His Honour,
J. Percy Page,
Lieutenant Governor of the Province of Alberta,
Edmonton, Alberta.

Sir:

I have the honour to transmit the Forty-ninth Annual Report of the Alberta Government Telephones Commission for the year ended March 31st, 1961.

I have the honour to be, Sir,

Your obedient servant,

RAYMOND REIERSON,
Minister of Telephones

ANNUAL REPORT 1960-'61

Honourable Raymond Reiersen,
Minister of Telephones,
Province of Alberta,
Edmonton, Alberta.

Dear Sir:

I have the honour to present the Forty-ninth Annual Report of the Alberta Government Telephones Commission for the fiscal year ending March 31, 1961.

During the period covered by this report great strides were made towards our objective of supplying communication service on demand. In most areas we are now in a position where we can supply telephone service within a very short period from the time the request is made; to some extent the same applies to other forms of communication. As the Provincial economy expands, demands are made for greater and more varied forms of communication and the Commission has been equipping the System to meet these needs.

REVENUES

It is encouraging to be able to report that except for a slight decline in the rate of increase in revenues in the last quarter, the fiscal year showed a steady upward trend in both toll and exchange earnings. Some deceleration in the rate of increase experienced in the past years can be expected as the installation of communication facilities comes closer to catching up with the demand.

Exchange revenues of \$11,600,737 show an increase of 9.8% over last year and toll revenues of \$17,477,073 an increase of 9.7%, compared with increases of 13.1% and 17.4% respectively the previous year.

Connecting Company rentals showed a small increase of 5.1%, while miscellaneous operating revenues increased by 40.3%, primarily as a result of increased directory advertising. This is the second year we have been able to report substantial increases in directory revenues.

OPERATING REVENUES	APRIL/'60 - MARCH/'61	APRIL/'59 - MARCH/'60
Exchange Revenue	\$ 11,600,737	\$ 10,568,235
Toll Revenue	17,477,073	15,820,425
Connecting Co. Rentals	236,690	225,182
Directory Earnings	573,279	452,402
Other Operating Revenue ..	125,765	179,593
Less: Provision for Doubtful Accounts	30,013,544 114,000	27,245,837 102,000
	\$ 29,899,544	\$ 27,143,837

OPERATING EXPENSES

Expenses were up over last year, although the rate of increase is again less than in previous years. Operation costs, which include Traffic, Commercial and General expenses, were up \$1,148,029 or 11.5% over last year. Maintenance expense showed an increase of \$686,487 or 11.6%, and the amount charged to Depreciation Expense increased \$475,759 or 9.6% over last year. It is expected that Depreciation expense will show further increases in the next few years as a result of plant mortality studies now under way, and the increasing impact of obsolescence resulting from the rapid changes in communications equipment.

OPERATING EXPENSES**APRIL/'60 - MARCH/'61****APRIL/'59 - MARCH/'60**

Traffic Expenses	\$ 5,368,618	\$ 5,062,515
Commercial Expenses	2,347,570	1,896,131
General Expenses	2,669,824	2,341,434
Maintenance	6,574,677	5,888,189
	<u>\$ 16,960,689</u>	<u>\$ 15,188,269</u>
Depreciation	5,410,332	4,934,573
Pension Fund Contribution ..	751,957	688,423
Total	<u>\$ 23,122,978</u>	<u>\$ 20,811,265</u>

Total interest charges on the telephone debt amounted to \$4,872,186 for the fiscal year. Of this amount \$2,109,141 represented interest payable on borrowings from the Provincial Treasury and an amount of \$2,762,278 interest charges on the debenture debt, and \$767.00 bank charges. Other fixed charges relating to the telephone debt totalled \$179,107.

**INTEREST
AND OTHER
DEDUCTIONS****FIXED CHARGES****APRIL/'60 - MARCH/'61****APRIL/'59 - MARCH/'60**

Interest Expense	\$ 4,872,186	\$ 3,722,411
Less: Interest Charged to Construction	194,636	122,314
	<u>4,677,550</u>	<u>3,600,097</u>
Less: Interest Earnings	494,875	167,291
Interest Expense Net	<u>4,182,675</u>	<u>3,432,806</u>
Amortization of Debenture Discount	85,834	111,482
Amortization of Exchange on U.S. Funds	93,274	24,860
	<u>\$ 4,361,783</u>	<u>\$ 3,569,148</u>
Miscellaneous	6,637	6,313
Total	<u>\$ 4,368,420</u>	<u>\$ 3,575,461</u>

No new financing was required during the fiscal year, the funds for the 1960-'61 construction program having been provided from the \$22,000,000 debenture issue of March, 1960. Interest earnings on capital funds re-invested until required for the construction program, amounted to \$494,875 for the fiscal year.

FINANCING

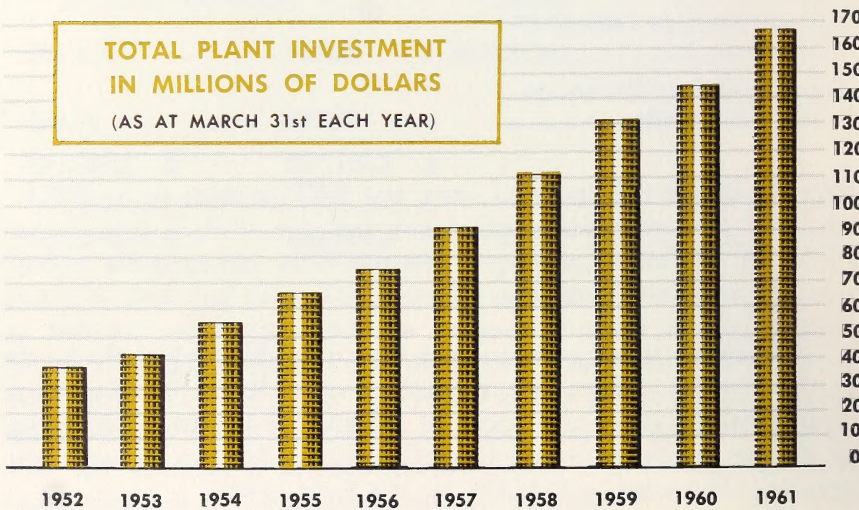
NET INCOME

Net income for the year amounted to \$2,408,146, a decrease of \$348,966 from last year. The drop in net income is due primarily to the slowing down in the rate of increase in toll and exchange earnings, particularly in the last quarter of the fiscal year. It is considered that this decline in earnings is only temporary and that some improvement can be expected in the 1961-'62 fiscal year, particularly in earnings from leased circuits on new micro-wave facilities which will go into service during the coming year.

TELEPHONE
PLANT

During the year our plant increased by \$20,383,045, an indication of the continued demand for communications within the Province. New central office equipment continues to show the greatest growth in meeting the requirements for increased exchange and toll service. The increase in plant under construction is the result of several large projects due for completion shortly after the end of the fiscal year, and includes the conversion of Red Deer to direct distance dialing, and the construction of a new micro-wave system to link up with the C.N.T. system being built through northern British Columbia to the Yukon. The following table shows the increase by categories of plant.

TELEPHONE PLANT	MARCH 31/'61	MARCH 31/'60	INCREASE
Land and Buildings	\$ 22,445,005	\$ 20,528,399	\$ 1,916,606
Equipment	82,366,990	75,275,000	7,091,990
Exchange Lines	28,895,688	25,722,720	3,172,968
Toll Lines	20,841,284	19,406,118	1,435,166
Office Furniture and Equipment	1,384,801	1,250,978	133,823
Tools, Vehicles, etc.	2,259,456	1,859,970	399,486
Plant Under Construction	10,470,848	4,237,842	6,233,006
	<u>\$168,664,072</u>	<u>\$148,281,027</u>	<u>\$20,383,045</u>



The following table shows the debt position of the system as at March 31, 1961. The decrease is the result of the semi-annual repayments on our borrowings from the Provincial Treasury and the application of sinking fund assets to the debenture debt, plus the fact that no new financing was required during the year.

TELEPHONE
DEBT

Schedule	Original Amount of Loan	Principal Prepaid	Interest Payment	Total Payment	Outstanding Debt March 31, 1961	Rate
A	\$ 18,000,000.00	\$ 5,651,643.06	\$ 7,659,325.75	\$13,310,968.81	\$ 12,348,356.94	3%
C	2,000,000.00	627,653.68	549,898.45	1,177,552.13	1,372,346.32	3%
D	5,000,000.00	1,390,376.25	1,205,218.79	2,595,595.04	3,609,623.75	3%
E	7,000,000.00	1,703,606.72	1,529,791.31	3,233,398.03	5,296,393.28	3%
F	8,000,000.00	1,592,809.61	1,835,908.04	3,428,717.65	6,407,190.39	3½%
G	8,000,000.00	1,340,910.19	1,588,004.34	2,928,914.53	6,659,089.81	3½%
H	7,000,000.00	960,400.94	1,157,765.92	2,118,166.86	6,039,599.06	3½%
I	10,000,000.00	1,078,236.74	1,370,292.50	2,448,529.24	8,921,763.26	3½%
J	10,000,000.00	699,423.17	1,491,801.72	2,191,224.89	9,300,576.83	4½%
	\$ 75,000,000.00	\$15,045,060.36	\$18,388,006.82	\$33,433,067.18	\$ 59,954,939.64	(1)
	10,000,000.00		937,500.00	937,500.00	10,000,000.00	3¾% (2)
	18,000,000.00		1,912,500.00	1,912,500.00	18,000,000.00	4¼% (3)
	10,000,000.00		712,500.00	712,500.00	10,000,000.00	4¾% (4)
	22,000,000.00		1,182,500.00	1,182,500.00	22,000,000.00	5¾% (5)
	<u>\$135,000,000.00</u>		<u>4,745,000.00</u>	<u>4,745,000.00</u>	<u>60,000,000.00</u>	
					<u>1,197,314.71</u>	(6)
		<u>\$15,045,060.36</u>	<u>\$23,133,006.82</u>	<u>\$38,178,067.18</u>	<u>\$ 58,802,685.29</u>	
			Net Telephone Debt		<u>\$118,757,624.93</u>	

- (1) Owing to Provincial Treasury
- (2) Debenture Debt Due July 2, 1963
- (3) Debenture Debt Due July 2, 1978
- (4) Debenture Debt Due Sept. 1, 1979
- (5) Debenture Debt Due March 1, 1985
- (6) Sinking Fund Assets Cash and Investment

The net increase in exchange telephones for the system amounted to 17,920, a reduction of 5,297 from the record increase reported last year. This decline was not unexpected and can be attributed to the general slowing down in housing construction throughout the Province and to the substantial reduction in the number of held applications in the City of Calgary. Rural Mutual

EXCHANGE
TELEPHONES

Telephone Companies connected to our system had an increase of 1,018 for the year, while the City of Edmonton System showed an increase of 8,472. At the end of the fiscal year there were 400,085 telephones in the Province.

A.G.T. Owned	240,884
Rural Mutual Telephone Co. Owned	31,663
City of Edmonton Owned	127,538
	<u>400,085</u>

The following figures give some indication of the telephone movement that has occurred throughout the system during the past few years:

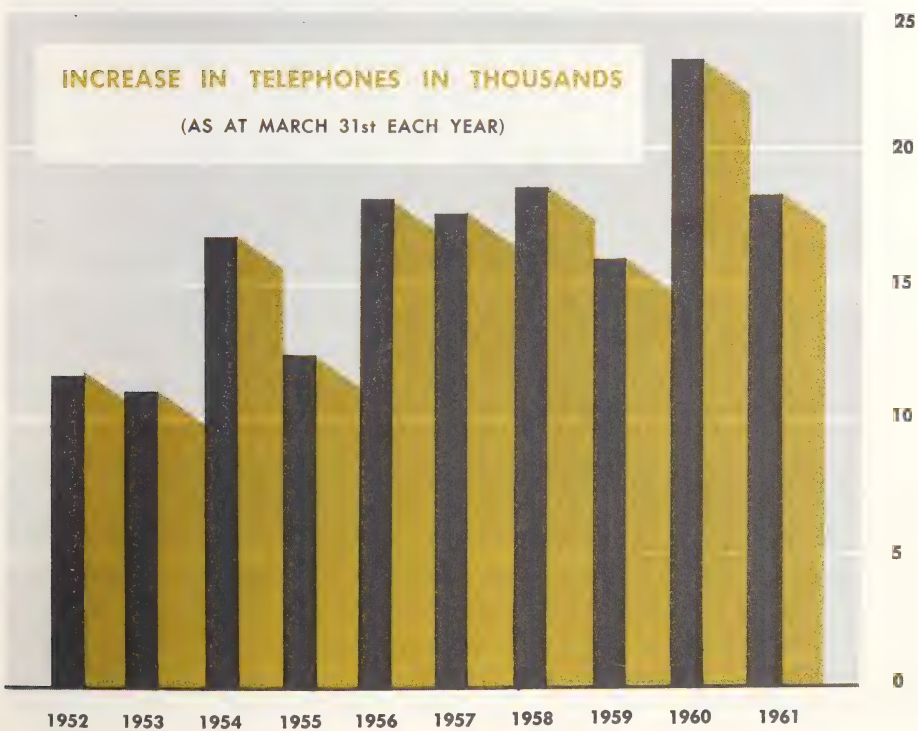
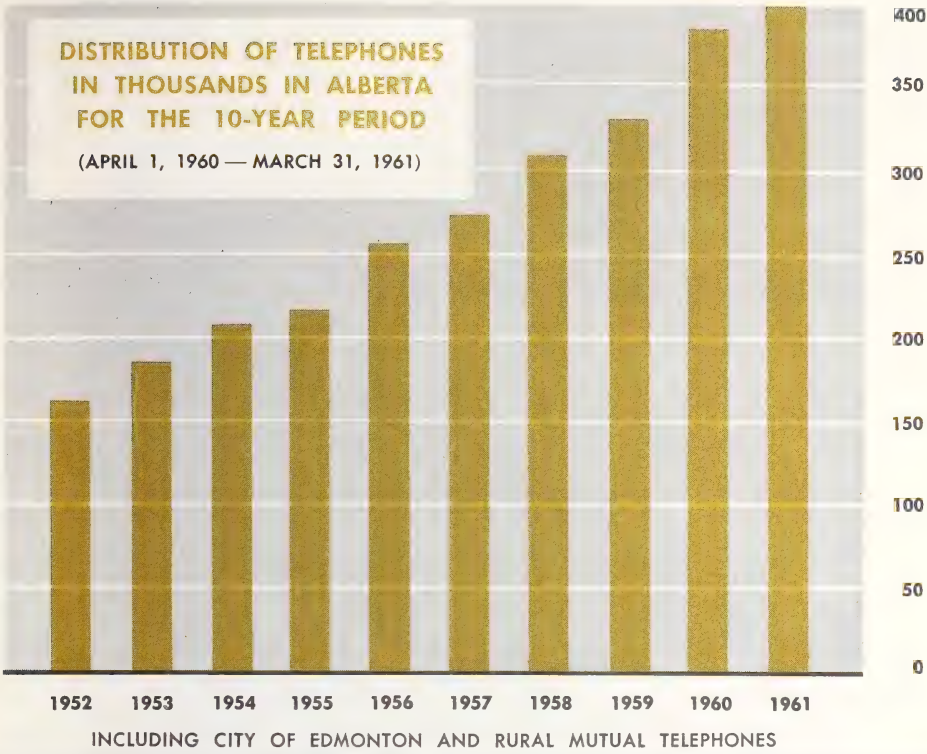
	Connected	Disconnected	Net Gain
April 1, 1958 to March 31, 1959	42,166	26,730	15,436
April 1, 1959 to March 31, 1960	61,736	38,519	23,217
April 1, 1960 to March 31, 1961	50,329	32,409	17,920

Conversion to dial operation was completed in seven manual offices and new dial equipment was installed in two offices during the year. The major installation effort was at Red Deer which was scheduled for cut-over to Direct Distance Dialing on April 16, 1961.

**LONG
DISTANCE**

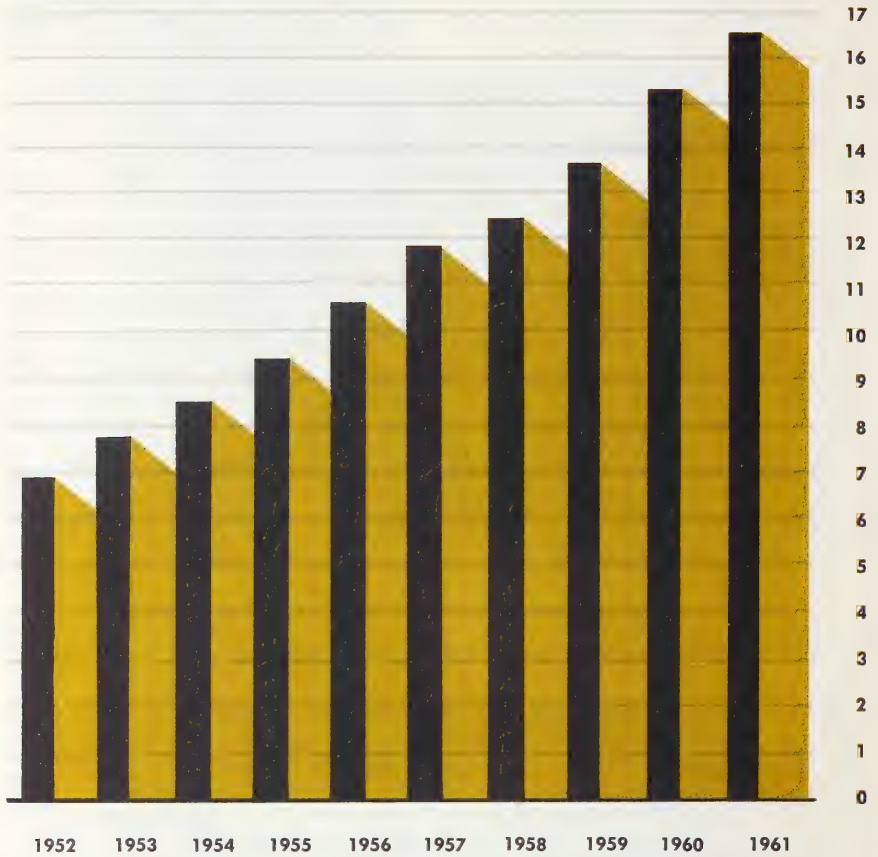
Further progress was made toward the implementation of the toll centering scheme by the conversion of several more toll centers and recording tributaries to full tributary operation. With adequate facilities between most of the ultimate toll centers under the scheme and the two primary centers of Edmonton and Calgary, provision is being made for centralized rate and route information in these two major points. Two hundred and Fifty-two (252) toll circuits were added to the network during the year, further improving the speed of service on long distance calls.

A total of 16,407,962 long distance messages were completed during the last fiscal year, an increase of 1,288,619 or 8.5% over the total for the previous year.



No. OF LONG DISTANCE MESSAGES IN MILLIONS

(AS AT MARCH 31st EACH YEAR)



SALES DIVISION

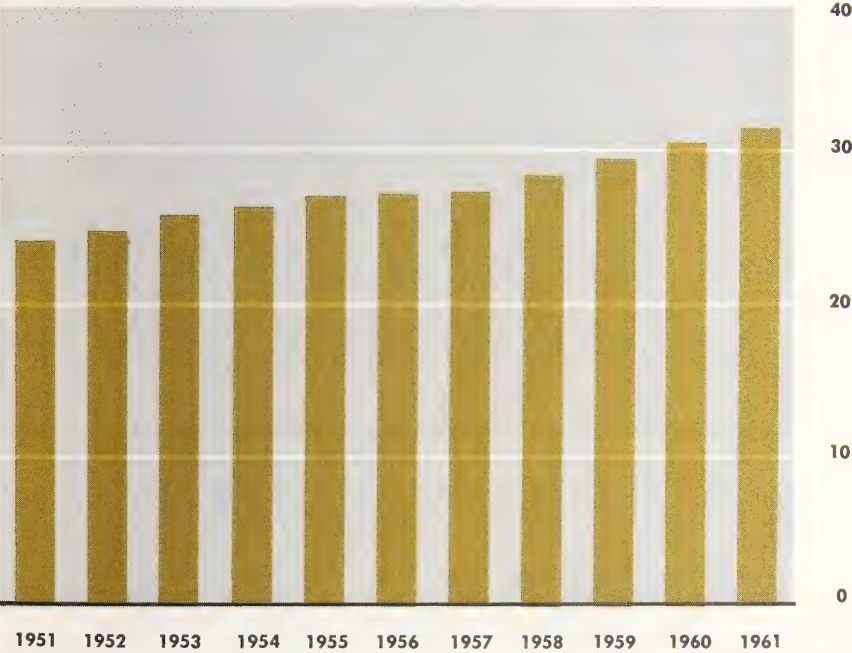
On November 14, 1960 the Sales Division was officially established as part of the Commercial Department with sales offices in Edmonton and Calgary and administration directed from Edmonton. This group is now responsible for the sale of leased line service including teletype, voice, telemetering, television, etc. as well as mobile radio telephones.

The sale of all types of services showed an increase over the previous year, although some gains were slight during the year. Eighteen remote TV pickups have been provided, twelve for the CBC and six for independent stations. No extensions or changes were made to the TV network during the year, but two changes are scheduled for October of 1961; the extension of the network to include Lloydminster and the addition of the CBC station at Edmonton.

As of March 31, 1961 there were 984 Mutual Telephone Companies connected to Alberta Government Telephones' facilities, representing an increase over April 1, 1960 of twenty-three companies. Approximately forty additional companies have been registered, but not as yet connected. These are at various stages in their construction. The increase in individual farms served during the year is 1,018, bringing the total number of farm telephones to 31,663 of which 37½%, or 11,873 are dial. Four major dial conversions were completed in this period, and engineering started on twenty additional conversions. Fifty-seven loans, totalling \$255,142.00 were granted for the purpose of new construction and the rehabilitation of existing lines.

MUTUAL
COMPANY
DEVELOPMENT

TEN-YEAR PATTERN OF
GROWTH OF RURAL MUTUAL TELEPHONE COMPANIES
(MARCH 31, 1951 — MARCH 31, 1961)



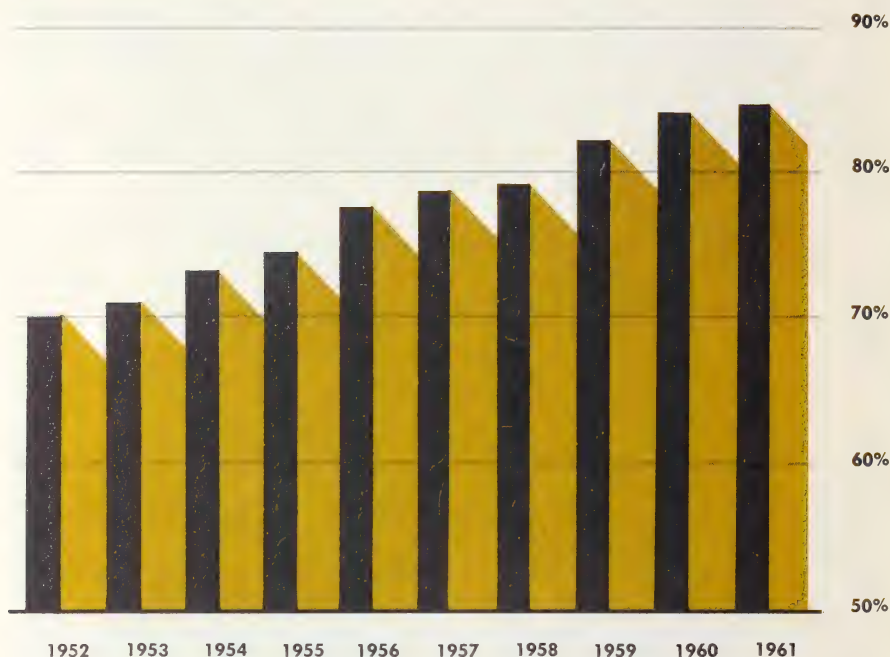
Further expansion of the dial conversion program is planned. Seven exchanges are scheduled for conversion to dial operation during the 1961-'62 fiscal year. There will be dial additions at Calgary and at twenty other locations throughout the Province. Twenty-nine new buildings, mostly of a smaller type, will be constructed and there will be extensions to three existing buildings.

FUTURE
DEVELOPMENTS

Many other projects are scheduled for completion during 1961-'62. Included among these are: completion of the Microwave System to the Northwest Territories; conversion of Grande Prairie and Peace

PERCENT OF DIAL TELEPHONES

(APRIL 1, 1960 — MARCH 31, 1961)



River exchanges to All Number Calling; conversion of Blairmore, Coleman and Bellevue to C.D.O.s of Lethbridge; conversion of Banff to a C.D.O. of Calgary, and provision of a TV link from Edmonton to Lloydminster.

PENSION FUND

There were 2,772 employees in the Pension Plan at the end of the fiscal year, 978 female and 1,794 male, an increase of 36 over the previous year. At March 31st, 1961, 197 pensioners were receiving pensions in the sum of \$30,287.09 for an average of \$153.74 per month.

Pension Fund investments at March 31st, 1961 consisted of Government of Canada, Provincial and Municipal bonds with a par value of \$10,715,000.00. In addition there was a cash balance of \$261,865.46 on hand available for investment and accrued interest of \$135,139.15.

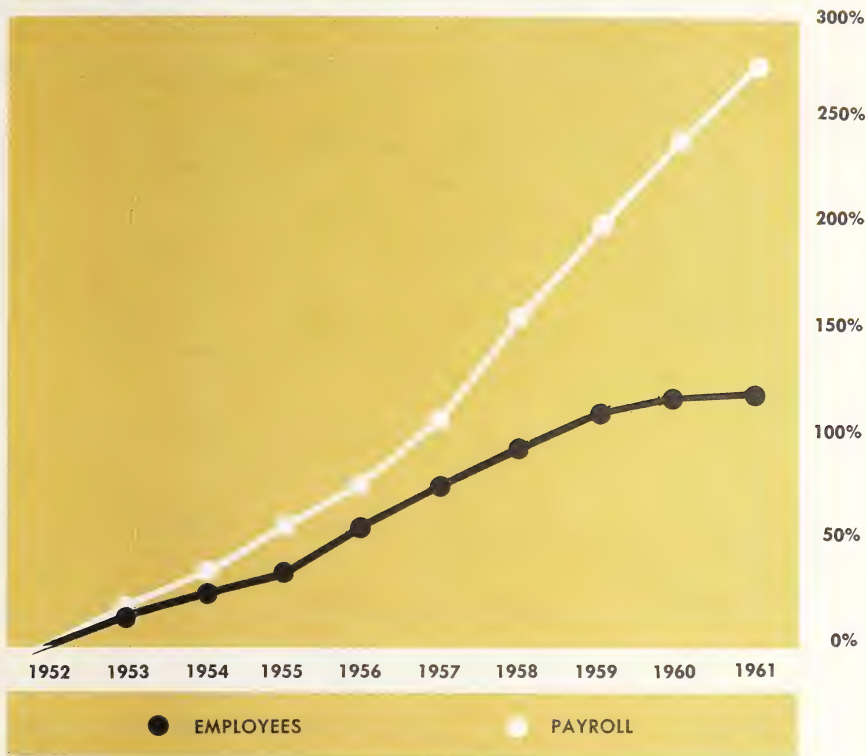
An actuarial valuation of the Pension Fund was made at December 31st, 1960. The Actuary's resulting favorable report received the Pension Board's unanimous approval.

EMPLOYEES

The end of the fiscal year showed a total of 3,754 regular employees consisting of 1,888 men and 1,866 women. For the first time in a great many years the number of male employees exceeded the number of female employees. This being attributed largely to

PERCENT INCREASE OF EMPLOYEES and TOTAL PAYROLL OVER 1952

(AS AT MARCH 31st EACH YEAR)



the growing number of Community Dial Offices. It has resulted in a slight decrease in the total number of female employees required and a slight increase in the number of male employees. The total increase over the year of all employees was 85, slightly more than for the previous year.

In addition to regular employees the System has 638 salaried or commissioned agents, operating in smaller communities. This represents an increase of 46 over the previous year. During the year, nine sales training courses were conducted for Commercial Sales staffs and Plant personnel throughout the Province received technical instruction at one or more of 51 training courses conducted during the year.

The Management is highly appreciative of the contribution of all our employees toward the expansion of our business during the past year.

R. W. Fosie

General Manager

MARCH 31, 1952

	1961	1960	1959
NUMBER OF TELEPHONES			
System Owned	240,884	222,964	199,747
Rural Mutual Company	31,663	30,645	29,739
Private System	127,538	119,066	106,456
TOTAL	400,085	372,675	335,942
Percent Dial Telephones	84.8%	83.7%	82.5%
TELEPHONE MOVEMENT			
Connected	50,329	61,736	42,166
Disconnected	32,409	38,519	26,730
INCREASE	17,920	23,217	15,436
NUMBER OF EXCHANGES	407	397	393
NUMBER OF TOLL OFFICES	165	153	150
LONG DISTANCE MESSAGES	16,407,962	15,119,343	13,770,333
TOTAL PLANT	168,664,072	148,281,027	134,874,290
TOTAL EARNINGS	29,899,544	27,143,837	23,693,963
TOTAL EXPENSES	27,491,398	24,386,726	21,476,820
NET INCOME	2,408,146	2,757,111	2,217,143
EMPLOYEES			
Men	1,888	1,786	1,649
Women	1,866	1,903	1,965
TOTAL PAYROLL	14,776,789	13,255,830	11,759,562

MENT TELEPHONES

STICS

TO MARCH 31, 1961

1958	1957	1956	1955	1954	1953	1952
34,311	165,764	148,375	130,386	118,179	101,301	90,337
8,655	27,925	27,669	27,330	26,599	25,854	24,841
5,433	84,748	75,043	67,224	60,069	53,989	47,752
8,399	278,437	251,087	224,940	204,847	181,144	162,930
79.9%	78.9%	78.1%	75.0%	73.2%	70.6%	70.0%
10,742	39,169	36,260	24,589	29,518	25,467	29,198
2,195	21,805	18,275	12,380	12,640	14,503	17,603
8,547	17,364	17,985	12,209	16,878	10,964	11,595
387	379	374	372	367	350	333
163	168	177	185	198	216	217
5,182	11,805,829	10,681,658	9,389,106	8,569,511	7,719,426	6,950,911
3,124	93,405,722	76,669,937	66,099,199	55,652,203	45,562,898	36,516,831
5,490	19,087,105	16,440,052	14,085,274	12,494,470	10,720,823	9,314,190
3,644	15,018,684	12,461,656	10,470,519	9,594,653	7,913,449	6,575,558
1,846	4,068,421	3,978,396	3,614,755	2,899,817	2,807,374	2,738,632
1,431	1,238	1,099	949	856	753	666
1,864	1,760	1,569	1,383	1,339	1,217	1,055
5,164	8,232,043	7,103,698	6,054,521	5,481,912	4,726,224	3,958,401

GOVERNMENT OF THE PROVINCE OF ALBERTA
OFFICE OF THE PROVINCIAL AUDITOR
Alberta Government Telephones Commission

Edmonton,
June 26, 1961

Honourable Raymond Reiersen
Minister of Telephones
Buildings

I have audited the books and records of the Alberta Government Telephones Commission for the year ended March 31, 1961. The following statements are submitted herewith:

Statement	Particulars
A.	Balance Sheet
B.	Surplus Account
C.	Condensed Statement of Income
D.	Depreciation and Renewal Reserve
E.	Statement of Long Term Debt
F.	Sinking Fund Balance Sheet Pension and Death Benefit Fund:
G.	Balance Sheet
H.	Statement of Operations

The Alberta Government Telephones Commission was established under authority of Chapter 85, Statutes of Alberta 1958 to acquire all the assets and assume all the liabilities of the Alberta Government Telephones as at April 1, 1958.

Operations for the year, after providing \$5,625,986.77 for depreciation and renewal reserve, \$4,182,674.85 for net interest expense, \$179,107.52 for amortization of discount and exchange and \$123,804.60 being the net operating costs in respect of radio station CKUA resulted in a net income of \$2,408,146.25 which was

carried to the surplus account. Net adjustments applicable to previous years were charged to surplus account in the amount of \$403,412.64 and \$2,169,197.56 was appropriated for investment in plant and \$560,000.00 for provision of sinking fund, leaving an unappropriated balance in surplus account of \$342,330.07 as at March 31, 1961.

The Government of Canada treasury bill, \$1,498,620.00 was held in safekeeping by the bank and was verified by certificate from the bank. Alberta Government Telephones Commission debentures, par value \$540,000.00, were held for safekeeping by the Provincial Treasurer and were verified by actual examination.

Pension and Death Benefit Fund assets are subject to the comments in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones Commission have the following estimated contingent liabilities which are not reflected on the Balance Sheet as at March 31, 1961:

In respect of commitments for purchase of
equipment for future delivery \$6,578,000.00

In respect of uncompleted building contracts 809,000.00

Subject to the foregoing, I certify that, in my opinion, the attached Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission as at March 31, 1961, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones Commission and the accompanying Condensed Statement of Income correctly sets forth the result of operations for the year ended at that date.



F. C. A.

Provincial Auditor.

GOVERNMENT OF THE PROVINCE OF ALBERTA
Alberta Government Telephones Commission

BALANCE SHEET

ASSETS

Capital:

Telephone plant:		
Real estate	\$ 22,445,004.56	
Equipment	82,366,989.71	
Exchange lines	28,895,687.79	
Toll lines	20,841,284.02	
Office furniture and fixtures	1,384,800.76	
Tools, vehicles and sundry equipment	2,259,455.93	
Plant under construction	10,470,848.91	
	<u>\$168,664,071.68</u>	
Materials and supplies	6,086,982.94	
		<u>\$174,751,054.62</u>

Current:

Cash on hand, in banks and treasury branches	\$ 1,483,715.88	
Investments, at cost:		
Government of Canada treasury bill	1,498,620.00	
Alberta Government Telephones Commission debentures (market value \$550,800.00)	521,900.06	
Accounts receivable, less allowance for doubtful accounts	3,501,164.42	
Interest accrued on investments	2,263.00	
Prepaid expenses	222,093.04	
		<u>7,229,756.40</u>

Deferred Charges:

Unamortized debenture discount	\$ 934,848.03	
Unamortized exchange on United States funds	1,256,920.60	
		<u>2,191,768.63</u>

Reserve Funds:

Depreciation and renewal reserve assets, Statement D	\$ 1,442,228.07	
Pension and death benefit fund, Statement G	11,112,004.61	
		<u>12,554,232.68</u>
		<u>\$196,726,812.33</u>

Trust Funds:

Government of Canada bonds		314,011.52
		<u>\$197,040,823.85</u>

AS AT MARCH 31, 1961

LIABILITIES

Capital:

Long term debt, Statement E:

Debentures payable \$60,000,000.00

Deduct: Sinking fund assets, cash and
investments, Statement F 1,197,314.71

\$58,802,685.29

Advances from Provincial Treasurer .. 59,954,939.64

\$118,757,624.93

Current:

Accounts payable \$ 1,218,278.17

Wages payable 558,843.40

Accrued interest, not due 1,115,890.00

Unearned revenue 645,829.55

3,538,841.12

Surplus:

Capital surplus:

Appropriated from income surplus for
investment in plant \$30,515,559.55

Income surplus, Statement B 342,330.07

30,857,889.62

Reserves:

Depreciation and renewal reserve,
Statement D:

Investment in plant \$29,820,909.27

Cash and investments 1,442,228.07

\$31,263,137.34

Pension and death benefit reserve,

Statement G 11,112,004.61

Sinking fund reserve, Statement F .. 1,197,314.71

43,572,456.66

\$196,726,812.33

Trust:

Employees' accounts \$ 169,671.54

Government of Canada bond

instalments payable 144,339.98

314,011.52

\$197,040,823.85

This is the Balance Sheet referred to in my report of June 26, 1961 addressed to the Minister of Telephones.

C. K. HUCKVALE, F.C.A.
Provincial Auditor.

GOVERNMENT OF THE PROVINCE OF ALBERTA
Alberta Government Telephones Commission

STATEMENT B

SURPLUS ACCOUNT AS AT MARCH 31, 1961

Surplus as at April 1, 1960.....	\$1,066,794.02
Deduct: Adjustments applicable to previous years:	
Maintenance charges capitalized during period of equipment revision.....	\$ 459,764.00
Miscellaneous credits, net.....	<u>56,351.36</u>
	<u>403,412.64</u>
	\$ 663,381.38
Add: Net operating income for the year ended March 31, 1961, Statement C.....	<u>2,408,146.25</u>
	\$3,071,527.63
Deduct:	
Appropriation for investment in plant.....	\$2,169,197.56
Appropriation for provision of sinking fund	<u>560,000.00</u>
	<u>2,729,197.56</u>
Surplus as at March 31, 1961.....	<u><u>\$ 342,330.07</u></u>

GOVERNMENT OF THE PROVINCE OF ALBERTA
Alberta Government Telephones Commission

STATEMENT C

CONDENSED STATEMENT OF INCOME

For the Year Ended March 31, 1961

Operating revenue:	
Toll earnings	\$17,477,073.09
Exchange earnings	11,600,737.10
Directory	573,279.45*
Connecting companies' rentals	236,690.23
Miscellaneous	125,764.83*
	<u>\$30,013,544.70</u>
Operating expenses:	
Operations	\$10,386,012.37
Maintenance	6,574,676.75
	<u>\$16,960,689.12</u>
Provision for depreciation and renewal, real estate and equipment	5,410,332.17
Debt service charges:	
Interest expense	\$†4,872,185.92
Less: Interest capitalized during construction	†194,636.35
	<u>\$4,677,549.57</u>
Less: Interest earnings	†494,874.72
Interest expense, net	\$4,182,674.85
Amortization of debenture discount	†85,833.65
Amortization of exchange on United States funds	†93,273.87
	<u>4,361,782.37</u>
Pension fund contributions	751,957.06
Provision for doubtful accounts	114,000.00*
Miscellaneous, net	†1,846.74 Acc. 316
	†3,609.05 Acc. 332.29
	†4,875.42 Acc. 675.06
	<u>6,637.73</u>
	<u>27,605,398.45</u>
Net operating income for the year ended March 31, 1961	<u>\$ 2,408,146.25</u>

*—Misc. Rev.
†—Other Income
†—Fixed Charges

GOVERNMENT OF THE PROVINCE OF ALBERTA
Alberta Government Telephones Commission

STATEMENT D

DEPRECIATION AND RENEWAL RESERVE

For the Year Ended March 31, 1961

Reserve as at April 1, 1960.....		\$28,328,792.85
Add:		
Provision during the year:		
Real estate and equipment.....	\$ 5,410,332.17	
Tools and trucks.....	215,654.60	
	<u>\$ 5,625,986.77</u>	
Interest earnings	68,228.96	
		<u>5,694,215.73</u>
		\$34,023,008.58
Deduct: Charges to reserve:		
Plant displaced, net	\$ 1,830,235.45	
Obsolete, worthless equipment and supplies written off.....	507,846.82	
Cost of removing plant	312,211.55	
Sundry equipment replaced, net.....	73,840.68	
Loss on disposition of buildings, etc.....	4,567.52	
Loss on sale of lines.....	<u>31,169.22</u>	
		<u>2,759,871.24</u>
Reserve as at March 31, 1961.....		<u><u>\$31,263,137.34</u></u>
Represented by:		
Cash in bank.....	\$ 29,638.88	
Investments:		
Government of Canada direct and guaranteed bonds, par value (Market value \$1,237,000.00)....	1,405,000.00	
Accrued interest	<u>7,589.19</u>	
		<u>\$ 1,442,228.07</u>
Plant investment		<u>29,820,909.27</u>
		<u><u>\$31,263,137.34</u></u>

GOVERNMENT OF THE PROVINCE OF ALBERTA

Alberta Government Telephones Commission

STATEMENT E

STATEMENT OF LONG TERM DEBT

As at March 31, 1961

	Final Maturity Date	Rate of Interest	Call Feature Non-	Currency	Original Advance	Amount Outstanding
(A) Debentures payable:						
	(July 2, 1963	3¾%	callable	Canada	\$10,000,000.00	\$10,000,000.00
(B)	(July 2, 1978	4¼%	Callable	Canada	18,000,000.00	18,000,000.00
	(September 1, 1979	4¾%	Callable	U. S.	10,000,000.00	10,000,000.00
(C)	(March 1, 1985	5½%	Callable	U. S.	22,000,000.00	22,000,000.00
						<u>\$60,000,000.00</u>
Deduct: Sinking fund assets, cash and investments						<u>1,197,314.71</u>
						<u><u>\$58,802,685.29</u></u>

(D) Advances from the Provincial Treasurer:

December 1, 1975	3%	—	Canada	\$ 2,000,000.00	\$ 1,372,346.32
December 1, 1976	3%	—	Canada	5,000,000.00	3,609,623.75
December 1, 1977	3%	—	Canada	7,000,000.00	5,296,393.28
December 1, 1978	3½%	—	Canada	8,000,000.00	6,407,190.39
December 1, 1979	3½%	—	Canada	8,000,000.00	6,659,089.81
June 1, 1980	3%	—	Canada	16,560,141.78	12,348,356.94
December 1, 1980	3½%	—	Canada	7,000,000.00	6,039,599.06
December 1, 1981	3½%	—	Canada	10,000,000.00	8,921,763.26
December 1, 1982	4½%	—	Canada	10,000,000.00	9,300,576.83
					<u>\$59,954,939.64</u>
					<u><u>\$118,757,624.93</u></u>

- (A) Debentures payable are unconditionally guaranteed as to principal and interest by the Government of the Province of Alberta.
- (B) The Commission to make an annual sinking fund payment of \$560,000.00 to the Provincial Treasurer. Sinking fund contributions and earnings amounted to \$1,197,314.71 at March 31, 1961.
- (C) Retirement by annual sinking fund redemption.
- (D) Advances from the Provincial Treasurer are repayable on a semi-annual basis. Repayments due in the year ending March 31, 1962 amount to \$2,243,486.86.

GOVERNMENT OF THE PROVINCE OF ALBERTA

Alberta Government Telephones Commission

STATEMENT F

SINKING FUND

Balance Sheet as at March 31, 1961

ASSETS

Cash in bank	\$ 752.69
Investments, at book value	1,181,556.43
Accrued interest	15,005.59
	<u>\$1,197,314.71</u>

LIABILITIES

Sinking fund reserve:

Balance as at April 1, 1960..... \$582,714.68

Add: Contribution and earnings:

Contribution 560,000.00

Earnings from investments 54,600.03

\$1,197,314.71

Edmonton, Alberta

June 26, 1961

I have audited the books and records of the Alberta Government Telephones Commission Sinking Fund for the year ended March 31, 1961.

Investments were verified by actual examination and are summarized hereunder:

Bonds and Debentures	Par Value	Book Value
Alberta Government Telephones Commission \$	960,000.00	\$ 899,459.68
Province of Manitoba	290,000.00	282,096.75
	<u>\$1,250,000.00</u>	<u>\$1,181,556.43</u>

The approximate market value of the above securities amounted to \$1,157,500.00 as at March 31, 1961.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones Commission Sinking Fund as at March 31, 1961 according to information and explanations given to me as shown by the books of the Fund.

C. K. HUCKVALE, F.C.A.,

Provincial Auditor.

GOVERNMENT OF THE PROVINCE OF ALBERTA
Alberta Government Telephones Commission

PENSION AND DEATH BENEFIT FUND

STATEMENT G

Balance Sheet as at March 31, 1961

ASSETS

Cash on hand and in bank	\$ 261,865.46
Investments, at par value	10,715,000.00
Accrued interest	135,139.15
	<u>\$11,112,004.61</u>

LIABILITIES

Pension and Death Benefit Fund Reserve:	
Employees' accounts	\$ 2,951,424.07
Employer's account	8,160,580.54
	<u>\$11,112,004.61</u>

Edmonton, Alberta
June 26, 1961

I have audited the books and records of the Alberta Government Telephones Commission's Pension and Death Benefit Fund for the year ended March 31, 1961.

Investments were verified by actual examination and are summarized hereunder:

BONDS AND DEBENTURES	PAR VALUE
Government of Canada, direct and guaranteed \$	2,953,000.00
Provincial, direct and guaranteed	4,507,000.00
Municipal	3,099,000.00
School districts	156,000.00
	<u>\$10,715,000.00</u>

The approximate market value of the above securities amounted to \$9,564,000.00 as at March 31, 1961.

An actuarial survey as at December 31, 1960 indicated that the fund as presently constituted will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1961, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C. K. HUCKVALE, F.C.A.
Provincial Auditor.

GOVERNMENT OF THE PROVINCE OF ALBERTA
Alberta Government Telephones Commission

STATEMENT H

PENSION AND DEATH BENEFIT FUND

Statement of Operations
For the Year Ended March 31, 1961

	Employees' Accounts	Employer's Account	Total
Pension and Death Benefit Fund Reserve as at April 1, 1960.....	\$2,492,218.62	\$7,138,077.81	\$ 9,630,296.43
Add: Contributions, earnings and transfers:			
Contributions	586,122.80	937,680.74	1,523,803.54
Earnings	76,003.17	362,281.11	438,284.28
Transfers in respect of employees retiring on pension	73,754.59	73,754.59	—
	<u>\$3,080,590.00</u>	<u>\$8,511,794.25</u>	<u>\$11,592,384.25</u>
Deduct:			
Pension payments	\$ —	\$ 351,213.71	\$ 351,213.71
Withdrawals	129,165.93	—	\$ 129,165.93
	<u>\$ 129,165.93</u>	<u>\$ 351,213.71</u>	<u>\$ 480,379.64</u>
Pension and Death Benefit Fund reserve as at March 31, 1961	<u>\$2,951,424.07</u>	<u>\$8,160,580.54</u>	<u>\$11,112,004.61</u>

NEW BUILDINGS



Two of the new buildings that were completed during the year—
Dial Exchange Building at Hanna and new Work Centre and
Garage at Calgary.





Sorting I.B.M. cards for machine room. Many accounting operations such as the preparation of payrolls, pension accounting, etc., are greatly simplified by the use of I.B.M. equipment in the Accounting Machine Room.

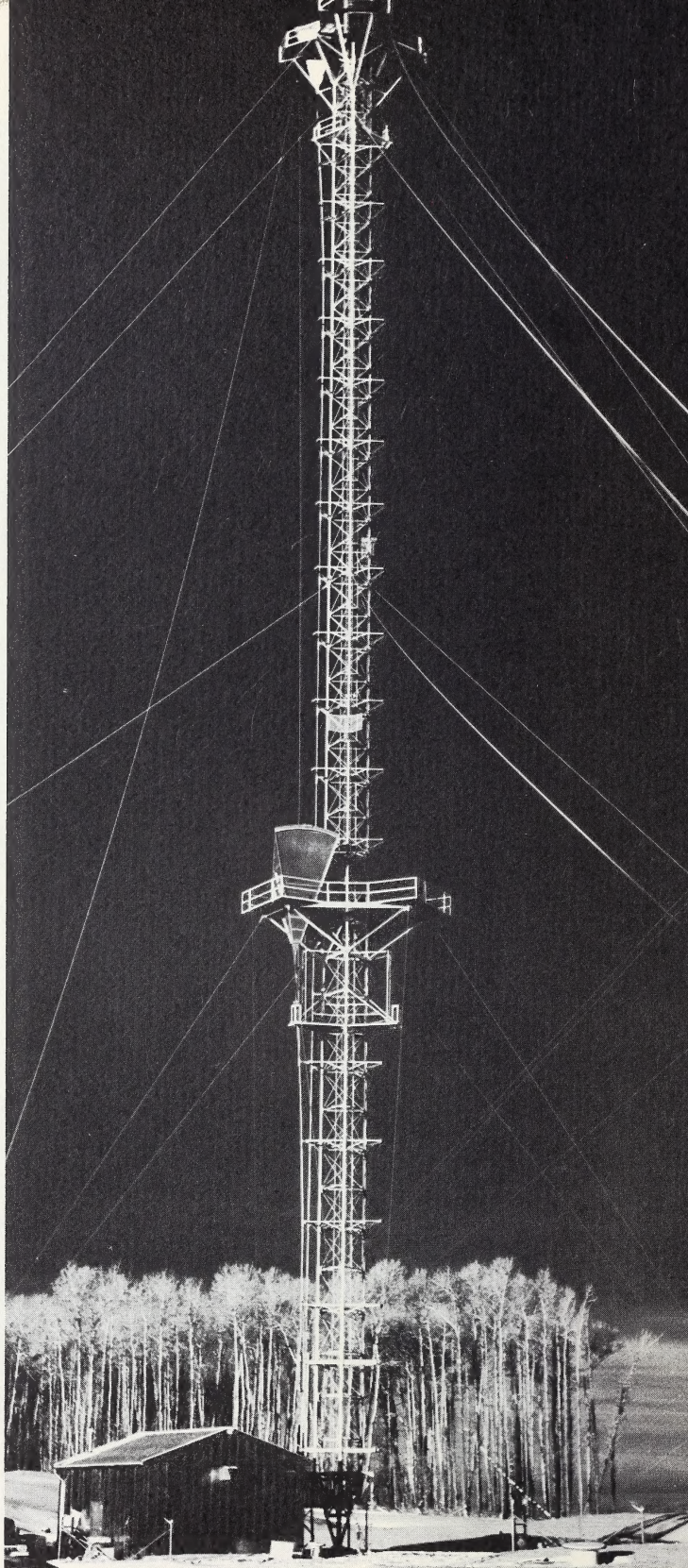


Microfilm camera. During the year a microfilming centre was established in the Engineering Department to film all inactive files. This has cut down tremendously on the amount of space required for files.



Among the many courses taken by our employees during the year was one in pole-top rescue. Here we see an "unconscious lineman" being removed from a pole by a fellow lineman.

One of the microwave repeater sites between Edmonton and Grande Prairie. The tower is located at Whitecourt and is 280 feet high. This is the first time a guyed tower has been used to support the sugar scoop antenna used with the TD 2 Microwave System. The towers were designed and built by Walcan Construction Company of Carlton Place, Ontario, according to A.G.T. specifications.





During the year, extensive advertising was carried on to illustrate the convenience of extension telephones in the home.



Two new items of subscriber equipment were included in A.G.T. services—the "Princess" and the "Starlite" telephones. These are attractive, stylish models equipped with dial lights, ideal for bedroom locations. They are about half the size of an ordinary desk set and come in six attractive decorator colors.